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Message Text

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64
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 /133 W
---------- 096545
R 280152Z NOV 73
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8406
INFO AMEMBASSY MANILA
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: EAID, JA, RP
SUBJ: JAPANESE COMMODITY LOAN TO PHILLIPPINES

REF:
OECD PARIS 15122

1. ON NOVEMBER 20, JAPAN AND PHILLIPPINES EXCHANGED NOTES IN TOKYO PROVIDING FOR JAPANESE COMMODITY LOAN UP TO 10.6 BILLION YEN (APPROXIMATELY 37.8 MILLION DOLLARS AT 280 YEN/ DOLLAR). LOAN, TO BE DISBURSED BY OVERSEAS ECONOMIC COOPERATION FUND, IS TIED FOR PROCUREMENT IN JAPAN; TERMS ARE 3.25 PERCENT INTEREST, 25 YEAR REPAYMENT PERIOD INCLUDING SEVEN YEARS' GRACE.

2. ON NOVEMBER 27, EMBOFF DISCUSSED LOAN WITH WATANABE, DEPUTY HEAD, FIRST ECONOMIC COOPERATION DIVISION, FONOFF. WATANABE, COMPARING THIS LOAN TO PREVIOUS LOAN TO PHILLLIPPINES OF 12.32 BILLION YEN EXTENDED IN OCTOBER 1972, NOTED THAT ALTHOUGH AMOUNT OF NEW LOAN SOMEWHAT SMALLER DUE TO IMPROVING PHILLIPPINE BALANCE OF PAYMENTS POSITION, TERMS HAVE IMPROVED: LAST LOAN WAS AT 3.5 PERCENT INTEREST WITH TWENTY YEAR REPAYMENT PERIOD INCLUDING
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SEVEN YEARS' GRACE.

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3. WATANABE RECALLED THAT AT PHILLIPPINES CONSULTATIVE GROUP MEETING IN MAY (REFTEL) GOJ HAD PLEDGED TO MAKE THIS COMMODITY LOAN AS WELL AS PROJECT LOANS UP TO $45 MILLION. ACCORDING TO WATANABE, GOP REQUESTED THAT COMMODITY LOAN BE TIED IN ORDER TO AVOID QUOTE COMPLICATED IMPLEMENTATION PROCEDURES UNQUOTE. ON OTHER HAND, WITH RESPECT TO PROJECT LOANS, GOP FEELS BENEFITS OF INTERNATIONAL COMPETITION OUTWEIGH COMPLICATED PROCEDURES AND HAS REQUESTED THAT PROJECT LOANS BE UNTIED. AN OFFICIAL FROM WATANABE'S DIVISION IS NOW VISITING RP TO INVESTIGAGE VARIOUS POSSIBLE PROJECTS. WATANABE ASSUMES THAT GOJ WILLULTIMATELY AGREE TO UNTIE PROJECT LOANS FOR PROCUREMENT IN LDC'S.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 28 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Comment: n/a
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Review Exemptions: n/a
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